Power and Evil in Washington

CounterPunch

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Their Bright Shining Knight in Brazil

The greatest game in the Americas between now and late fall is the election of the next president of Brazil. The stakes are vast. With roughly half the population and economic output in South America, Brazil is a pivotal force in the hemisphere. It also bulks mightily in the balance sheets of major North American banks, to which Brazil makes major interest payments on its $118 billion external debt.

To Washington the dangers of a swerve to the left by Brazil are always vivid. Back in the early Sixties, the menace of land reform prompted the Kennedy brothers to send Gen. Vernon Walters to Rio de Janeiro to confer with the Brazilian military about rectifying the situation. A coup soon followed.

The threat today is the socialist candidate in the Oct. 3 presidential election, Luis Inacio Lula da Silva, head of the Workers Party. During Lula's 1989 campaign against Fernando Collor de Mello, a corrupt scoundrel impeached in 1992 for gross theft, a prominent corporate leader, Mario Amato, warned that "800,000 businessmen [would] leave the country" if the socialist were elected.

In the past two weeks **Counterpunch** has heard some remarkable testimony about the concerted efforts of the international banks to help turn back the Lula threat and install as president a reliable major-domo for capital, Fernando Henrique Cardoso, a promoter of austerity, privatization, and the standard catechism of the neo-liberals.

The bankers' plotting began in April. At that moment Lula was far ahead in the polls, in an economy spiralling into chaos as monthly inflation neared 50 percent. These are not conditions to which bankers normally adopt a forgiving posture. But fear of Lula was paramount.

Brazil's private creditors signed a debt agreement which rescheduled $49 billions' worth of Brazilian debt. The IMF will back the deal by putting up $1.5 to $2 billion to buy zero coupon bonds issued under the agreement.

Simultaneously, Cardoso, then Brazil's finance minister, was preparing his anti-inflation package, the *Plano Real*. The timing was deftly handled. The debt rescheduling was announced just before Cardoso stepped down from the finance ministry to announce his presidential bid. Introduction of the *Plano Real* was delayed until July 1.

Why was the *Plano Real* not implemented when Cardoso was still finance minister? Answer: it would have blown up too soon. An official in the Federal Reserve system spoke to us off the record, with remarkable frankness: "The *Real* was carefully calculated to produce the maximum effect," the Fed man told us. "If it's such a great plan, why didn't they introduce it in January instead of waiting until mid-year? The answer is that it would have run out of steam by now and people would be looking for somebody's head to chop off." He predicted that the *Real* will restrain inflation until late year – after a Nov. 15 runoff is held if no candidate obtains an absolute majority in the first round – at which point the Brazilian economy will "deteriorate rapidly."

To underline the point, the official sent a recent story in *LDC Debt Report*, a newsletter for Third World investors, citing opinion of the *Real*: "Some [suspect] that the plan is a jerry-rigged quick fix meant to catapult its architect, Fernando Henrique Cardoso, into the presidency."

This official also remarked that the April bail-out organized by the banks

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Wisdom from the Past

"Instead of marching in parades or singing about solidarity, the workers of Flint preferred to spend this sunny [Labor Day] weekend playing golf or vacationing at lake resorts in the cool pine forests, to the north. The union has won prosperity for them, and many have moved from downtown Flint to pleasant tracts far from town."

—William Borders, *The New York Times*, Sept. 1, 1969

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Sterile Hopes

The U.S. and Population Control

As the nations of the world muster in Cairo for the U.N. conference on population and development, nothing would seem more demure than the posture of the Clinton administration. As U.S. governments for the past thirty years have all done, it broadcasts its abhorrence for "coercive measures" and comfortably adopts feminist language about the right of women to control their own bodies.

Cut through all the reassuring lingo about "empowering women" and consider the realities of U.S. population policy today in Haiti. As revealed in an internal U.S. Agency for International Development report, the fundamental goal of the American government is to keep the natives from breeding.

The June 1993 document from the AID's Port-au-Prince bureau, supplied to **CounterPunch** by the Washington Office on Haiti, states policy "targets" baldly: to obtain 200,000 new "acceptors" of contraception; a "social marketing component" target of "6,000 cycles of pills/month;" and the establishment of 23 facilities to provide sterilizations – soothingly referred to as "voluntary surgical contraception" – a goal which has been exceeded. There is no mention of any "targets" with regard to women's health.

The cynicism of the "empowerment" rhetoric is also apparent in the memo's "priority recommendation," the "demedicalization or liberalization of service delivery." Included here is AID's suggestion of the "elimination of the practice of requiring physician visits" before doling out hormonal methods.

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In plainer English, this means that AID feels doctors in Haiti need not waste time with pelvic exams or pap smears; just get the "acceptors" on stream with the hormonal method of choice.

A Brooklyn-based Haitian women's group, Women of Koalisyon, has published a pamphlet detailing abuses at AID-funded clinics in Haiti. Local clinics offered food and small amounts of money to encourage sterilization. "Acceptors" were promised that vasectomies were not only reversible but would help prevent AIDS. Women were offered clothing in exchange for agreeing to use Norplant, which led to a host of problems, including constant bleeding, headaches, dizziness, nausea, radical weight loss, depression, and fatigue. Demands that the Norplant rods be taken out were obstructed.

Such brute realities of population control are rarely mentioned in the U.S., where pre-conference reports from Cairo depict a clash between libertarian respect for individual choice as against the medieval tyranny of the Catholic or the Muslim clergy. Typical was a late August report in *The Washington Post* stuffed with amicable references to mainstream Protestants, dissident Catholics, Buddhists, Hindus and even "African traditional religions" supporting the U.S. position.

The *Post*'s Laurie Goodstein quoted – without any apparent astonishment – the Rev. Gordon Sommers, president of the National Council of Churches, calling on "the global south" to "curb excessive consumption of the earth's global resources." The South – aka the Third World – actually consumes about 20 percent of resources.

The best and the brightest have always been the most assiduous advocates of population control. The gung-ho, can-do spirit of these fanatics was embodied by Reimert Ravenholt, a director of AID's population program. "Like a spring torrent after a long, cold winter, the United States has moved with crescendo strength during recent years to provide assistance for population and family planning throughout the developing world," he wrote in 1973.

In a 1977 interview – in which he said that his agency's goal was to sterilize one-quarter of the world's women – Ravenholt warned that a population explosion, by supposedly causing a fall in living standards in the South, could spark revolt "against the strong U.S. commercial presence" in the Third World.

The policy bedrock underlying Ravenholt's exuberance was National Security Study Memorandum 200, commissioned and prepared in 1974 when Henry Kissinger was head of the NSC. In a prefiguring of the present "empowerment" shoe polish, planners stressed that the U.S. should "help minimize charges of imperialist motivation behind its support of population activities by repeatedly asserting that such support derives from a concern with the right of the individual to determine freely and responsibly the number and spacing of children."

The true concern of the study's authors was maintaining access to Third World resources (the document was prepared during the height of the "commodity crisis"). NSSM-200 worried that the "political consequences" of population growth could produce internal instability in nations "in whose advancement the U.S. is interested." In extreme cases, where population pressures "lead to endemic

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famine, food riots, and breakdown of social order...the smooth flow of needed materials will be jeopardized."

NSSM-200 acknowledged that First World resource use, not developing world growth rates, was the real issue. Its authors noted laconically that "the US, with 6% of the world's population, consumes about a third of its resources."

To restrict Third World population would ensure that local consumption would not increase, and possibly affect availability of Third World resources. As a natural extension of this logic, the report favored sterilization over food aid.

With lower population levels, NSSM-200 concluded, there would be less environmental degradation, and thus again, increased availability of resources for the U.S. (This linkage of population growth to environmental degradation is standard in respectable literature, even though it is almost invariably wrong.)

In the winter 1981 *Policy Review*, Jacqueline Kasun discussed ways that AID's population planning pioneers "encouraged" the use of contraception. In Indonesia, local workers were paid bonuses for "recruiting" peasants for contraceptive services, while villages with high rates of participation were rewarded with increased food, health services, and other benefits. As Kasun wrote, "the foreign aid establishment favors such group incentives because they avoid the appearance of paying individuals to use birth control or having themselves sterilized while they actually embody the even stronger incentive of group pressure."

Another AID target country was India. In one village, 100 percent of "eligible couples" accepted family planning — mostly in the form of vasectomy — in exchange for a new village well. In another case, villagers were promised cash payments if 75 percent of all male residents agreed to undergo a vasectomy.

The core argument of the population planners—that high fertility rates are the primary obstacle to economic development—is patently absurd, as even a superficial review of data makes readily apparent. The real issue is distribution, at the global and national levels. Consider for example that population densities in Latin America, widely perceived here as a region of teeming antheaps, are far lower than those in Europe.

Also overlooked by the family planners is that while total world population is growing, at a rate of 1.6 percent, the primary cause is not high birth rates but declining death rates, as greater number of world's poor have access to minimal amenities. This trend causes some concern among the more zealous advocates of population control.

In a 1990 *Lancet*, the British medical journal, Dr. Maurice King of the University of Leeds wrote that the options of citizens of "demographically trapped" countries are mass death from starvation and disease, large-scale migration, or permanent dependence on food and other resources from abroad. King suggested it might be best to let poor children in those countries die. "If no adequately sustaining complementary measures are possible, such desustaining measures as oral rehydration should not be introduced on a public health scale, since they increase the man-years of human misery, ultimately from starvation," wrote King. Kill them to be kind.

A final note on those Muslims decried by the better element. The stereotype is that the Islamic world is composed of religious fanatics, over-breeding because of backward beliefs. In fact, the birth rate in many Islamic countries is falling.

In Iran, the mullahs attacked family planning during their early years in power, but by the late-1980s had radically changed course. A national birth control policy was approved in 1989 and ratified by the Ayatollah Khomeini shortly before his death that year.

Contraceptive devices are widely available in Iran, with government subsidies to ensure that the poor have access. This includes the pill, IUDs and condoms. Unlike the case in Haiti, family planning clients receive routine check ups and are encouraged to return.

Though the program is not without problems, it has helped sharply reduce the birth rate. In an article in the September/October *Middle East Report*, Homa Hoodfar concluded, "the Islamic Republic has achieved considerable success in convincing the population to accept and practice family planning through a powerful consensus-building campaign...the government has tried to raise general knowledge and understanding of population questions rather than limit its focus to promoting contraceptives." ■

■ IN BRIEF ■

Prison USA

The other morning Utah Sen. Orrin Hatch explained on the radio why he would vote against the repulsive crime bill just passed by Congress. Hatch claimed that the only factor deterring biker gangs from taking over small towns across the Mormon state was the availability of automatic weapons to the citizenry.

As a kid, Hatch must have watched "The Wild One," where bikers led by Marlon Brando terrorized a little town. In the abattoir of his imagination, he's been mowing down Marlon ever since. Wake up, Orrin! Marlon's near 400 pounds now. You don't need a Chinese AK; you could take him out with a good salad bar.

The U.S., which this year placed its millionth human being in a prison cell, has the highest incarceration rate in the world. In 1991, the U.S.'s imprisonment rate was 426 per 100,000. South Africa was at 333 and the former Soviet Union at 268. The incarceration rate for black Americans was four times worse than for black South Africans.

The imprisonment rate for blacks is now 1,534 per 100,000. The white rate is 197. Blacks are 7.8 times more likely to go to prison than whites.

The chief effect of the crime bill will be to multiply the prison population. It will increase conviction rates; raise the percent of convictions resulting in imprisonment; and incarcerate "three-time losers" for life.

John Irwin and James Austin estimate in their book, "It's About Time," that laws such as those proposed in the crime bill would result in nine times as many people being imprisoned. On any given day, well over half of all black men aged 18 to 44 would be in prison.

Of course, the country will soon go broke. In 1993, the federal system and the states were spending $74 billion per year on criminal justice. Not counting prison construction, the new system of criminal justice will cost around $220 billion a year. Who's going to pay for that? ■

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"could easily be seen as outside interference in the presidential campaign." Behind the backstage maneuvering the Fed official spots the hand of William Rhodes, a Citicorp vice chairman and the man charged with coordinating the negotiating posture of U.S. bankers in talks with Brazil and other Latin debtors – four of whose governments have acknowledged his power by bedizening him with resplendent decorations-of-state.

The Fed man, who tersely described Rhodes as the "Emperor of South America," pointed out that when the terms of the deal are fully implemented, Brazilian interest payments will bring Citicorp roughly $400 million per year.

Brazil's international creditors, the Fed official continued, have "broken kneecaps" to ensure that Brazilian state and private companies regain access to credit on European markets. Such loans shore up the debt accord – and, indirectly, the *Plano Real* – by allowing Brazil to raise foreign exchange useful in meeting the terms for rescheduling.

Five years ago Lula campaigned across Brazil, denouncing the extortions of the international banks that drain billions of dollars from the country's economy. The media titans of Brazil ran a ferocious campaign against him and the Workers Party. With an assisting chorus from the international press they offered the thief Collor as a shining knight who would solve Brazil's problems. Now Cardoso fills the same role.

Today, 50 percent of Brazil's wealth is held by the top two percent of the population. Only in India are there such horrible chasms between rich and poor. Can any nation in the Third World escape the bankers' pincers? Lula is one great hope. The race is not yet over, but the Northern bankers have strained every sinew to help the local elite ensure that he never gets the chance.

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James Carville Heads South

The high stakes Brazilian election has reached deep into Washington, and into the client portfolio of a man with a 24-hour White House pass and unlimited access to the president's ear: James Carville.

Over the past several months the Brazilian press has contained hints that a leading unnamed American political consultant is advising a top presidential candidate. Evidence amassed by **CounterPunch** points to the self-proclaimed "populist" Carville as the American counselling Fernando Henrique Cardoso, the bankers' choice.

Carville, it appears, was hired about four months ago. He did not list Cardoso, or any Brazilian client, on a financial disclosure statement filed in June. The filing came after Republicans complained that Carville and the three other close Clinton advisors who hold permanent White House passes – Mandy Grunwald, Stan Greenberg and Carville's partner, Paul Begala – should be required to reveal whom they worked for while advising the president.

Carville is said to have several assistants on the ground in Brazil, whither he has travelled at least three times. His chaperon while there is Eduardo Jorge Caldas, one of Cardoso's top aides.

Carville's low profile on the Brazilian account is apparently a demand of Cardoso's political group, the Brazilian Social Democratic Party (PSDB), which fears that disclosure of Carville's activities would provoke an uproar in Brazil. One informant told us that a wealthy businessman might be paying for the work, under the pretense that he was simply seeking an outside analysis of the Brazilian political climate. The businessman would receive the consultants' recommendations and pass their work on to the PSDB, thereby providing plausible deniability to all parties.

Several other D.C. firms, we have been told, are working with Carville on the Cardoso account. These include Grunwald, Eskew and Donilon – headed by Clinton's intimate, Mandy Grunwald – and the public relations firm of Chlopak, Leonard, Schecter & Associates.

The total fee being paid to the U.S. consultants is believed to be in the neighborhood of one million dollars. Big money, but not a burden to Cardoso's campaign, which is flush with deposits from businessmen terrified at the prospect of a victory by their man's chief opponent, socialist Luis Inacio Lula da Silva. Someone familiar with the negotiations between Carville and the PSDB said, "They [the party] have got more money than God."

Carville failed to return numerous phone calls requesting information about his work in Brazil. But a staff member at Chlopak, Leonard, Schecter & Associates confirmed that the firm was working for a Brazilian political group. Carville and "several other consultants," the staffer told us, are also involved in the effort. Robert Chlopak, the staffer said, was working on the account. He did not return phone calls.

Asked who was handling the firm's Brazilian account, an employee at Grunwald's office said that Kate McDonald was the relevant party. McDonald, too, did not return phone calls.

Back in June, Carville and Clinton's three other outside advisors announced their decision to file disclosure statements. In a June 10 op-ed piece in *The Washington Post* the quartet presented themselves as idealistic crusaders unfairly attacked by the Republicans. "We have turned down offers from some of the largest corporations in the world," they wrote. "We have tried hard to meet the high ideals our president has set." It seems they missed the scheduled appointment with these "high ideals," or couldn't find them. ■

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